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**From:**

**Sent:** Friday, December 12, 2008 11:30:10 AM

**To:**

**Cc:**

**Subject:** RE: AAB or AAB Plus Accruals?

With one exception (see next paragraph), nothing in the law (cases, statutes, regulations, or IRM) prohibits or specifically instructs the IRS to include accruals (interest and penalties) in determining CNC status or IA options. In general, the IRS determines the procedures and criteria for determining the IA options available to a taxpayer. Similarly, the IRS sets the criteria for CNC determinations. The IRM should be revised to reflect the decision to include or exclude accruals in both the CNC and IA situations. But the choice remains with the Service.

However, the Internal Revenue Code clearly sets the criteria for guaranteed installment agreements. The Code expressly provides that "the aggregate amount of such [tax] liability (determined **without regard to interest, penalties**, additions to tax, and additional amounts) [can] not exceed \$10,000." I.R.C. § 6159(c)(1). Thus, in situations in which the IRS is determining a taxpayer's eligibility for a guaranteed installment agreement, the IRS cannot include accruals.

Please let me know if you have any questions. Have a wonderful day!